

### **Purchase preference to PSUs**

**642. SHRI MOTIUR RAHMAN:** Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether any purchase preference has been given to Public Sector Undertakings (PSUs) and if so, the details thereof;

(b) the reasons for giving purchase preference to PSUs; and

(c) whether there is any proposal to extend the same purchase preference to Kendriya Bhandar since Government have invested money in its share capital?

**THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV):** (a) to (c) The Purchase Preference Policy was introduced in 1992 replacing the earlier policy of price preference. The objective of the policy is to provide a level playing field to the Central Public Sector Enterprises (CPSEs) in the wake of globalization/liberalization as well as to provide an opportunity to adjust themselves in the new environment of competition. The policy aims to help increase the capacity utilization in CPSEs. This policy provides purchase preference (to CPSEs) for supplying goods and services to the Government Departments, Autonomous Bodies and other PSEs at L1 price if the price quoted by the supplying CPSE is within 10% of the lowest valid bid price, other things being equal. Purchase preference support is to be extended to the contracts including civil and turnkey contracts, the value of which should be within Rs. 5 crore and above but not exceeding Rs. 100 crore. Respective Ministries/Departments are responsible for implementing the Purchase Preference Policy. The present Purchase Preference Policy has not been applicable for Pharma Sector CPSEs. The Government has however recently decided to grant purchase preference exclusively to Pharma CPSEs and their subsidiaries in case of 102 medicines manufactured by them. Purchase Preference Policy will continue to be in force until 31.3.2008. Kendriya Bhandar is not a CPSE. It is a welfare project of Government of India under the Ministry of Personal, Public Grievances & Pensions.

### **Modernisation of Public Sector Companies**

**643. SHRI S. ANBALAGAN:** Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the steps taken by Government to improve the functioning and